

DATELINE: NEW YORK #126
LAWRENCE S. FREUND

NOVEMBER 3, 1976

NEW YORK CITY -- BACK FROM THE BRINK
(VOICED PIECE IN TAPE LIBRARY)

ANNCR: DATELINE, NEW YORK ... PICTURES IN SOUND, WORDS AND MUSIC OF PEOPLE, PLACES AND EVENTS IN AMERICA'S METROPOLIS. TODAY, A REPORT FROM VOA'S LARRY FREUND ON NEW YORK CITY'S EFFORTS TO RECOVER FROM THE FINANCIAL CRISIS THAT REACHED A CLIMAX A YEAR AGO. AS CORRESPONDENT FREUND POINTS OUT, THE WORST -- THAT IS, BANKRUPTCY -- NEVER HAPPENED, BUT THE CITY CONTINUES TO FACE DIFFICULT ECONOMIC DECISIONS IN THE MONTHS AND YEARS AHEAD.

VOICE: BANKS IN NEW YORK CITY CLOSE THEIR DOORS EVERY WORK DAY AT THREE O'CLOCK IN THE AFTERNOON. FOR THE FINANCIAL CENTER OF THE UNITED STATES THAT MARKS THE END OF BUSINESS. FOR NEW YORK CITY CLOSE OF BUSINESS ON OCTOBER SEVENTEENTH 1975 ALSO MARKED A DEADLINE, THE DIFFERENCE BETWEEN FISCAL SURVIVAL OR DISASTER.

NEW YORK, LIKE MANY AMERICAN CITIES, HAD BORROWED MONEY TO CARRY ON ITS SERVICES -- MONEY THAT WOULD BE PAID BACK EVENTUALLY AS THE CITY COLLECTED ITS TAXES AND OTHER REVENUES. BUT UNLIKE MOST OTHER AMERICAN CITIES, NEW YORK CITY HAD BORROWED MORE THAN IT COULD PAY. AND NO ONE WAS WILLING TO LEND THE CITY MORE MONEY. NEW YORK WAS SCHEDULED TO PAY BACK MORE THAN FOUR HUNDRED FIFTY MILLION DOLLARS ON THAT DAY, OCTOBER SEVENTEENTH, NINETEEN SEVENTY-FIVE, BY THREE O'CLOCK IN THE AFTERNOON. IF THE CITY MISSED THE PAYMENT, IT WOULD GO INTO DEFAULT -- A FINANCIAL STEP THAT WOULD HAVE WRECKED

VOICE: NEW YORK'S ALREADY SHAKY FISCAL FOUNDATIONS AND WOULD HAVE
(CONT'D) SENT TREMORS THROUGH THE FINANCIAL BASES OF MANY OTHER
COMMUNITIES THROUGHOUT THE COUNTRY.

THE LAST-MINUTE SOLUTION TO THE IMMEDIATE CRISIS CAME, IN
FACT, JUST FIFTY-THREE MINUTES BEFORE THE THREE O'CLOCK
DEADLINE. NEW YORK'S LARGE SCHOOL TEACHERS' UNION AGREED
TO LEND NEW YORK ONE HUNDRED FIFTY MILLION DOLLARS FROM ITS
PENSION FUND. THAT, COMBINED WITH A PACKAGE OF LOANS FROM
OTHER SOURCES, WAS ENOUGH TO AVOID DEFAULT. BUT THE CITY
FACED THE THREAT OF CONTINUING CRISIS UNLESS IT COULD BEGIN
TO CONTROL ITS MOUNTING DEBTS... AND REDUCE ITS TOTAL DEFICIT
OF SOME FIFTEEN THOUSAND MILLION DOLLARS.

NEW YORK SURVIVED THE OCTOBER 1975 CRISIS. BUT SURVIVAL HAS
COST THE CITY ITS PLANNING AUTONOMY. NEW YORK STATE PLEDGED
ITS ASSISTANCE THROUGH A SPECIAL RESCUE AGENCY. BUT THE
STATE ALSO FORCED CITY OFFICIALS TO GIVE UP THEIR FINANCIAL
CONTROL AUTHORITY AND AT THE SAME TIME TO ACCEPT STRINGENT
NEW BUDGET GUIDELINES, AIMED AT SLASHING THE CITY'S EXPENSES.
TWO HUNDRED MILLION DOLLARS WAS CUT FROM THE CITY'S BUDGET...
FROM A TOTAL OF MORE THAN TWELVE THOUSAND MILLION DOLLARS.
THE NEXT YEAR OF THE THREE-YEAR PLAN TO SAVE NEW YORK'S
FINANCIAL SKIN REQUIRED ANOTHER CUT OF NEARLY FOUR HUNDRED
FORTY MILLION DOLLARS. AND THE THIRD YEAR REQUIRES ANOTHER
HUGE SPENDING CUT OF MORE THAN FOUR HUNDRED FIFTY MILLION
DOLLARS, WITH THE HOPE OF REDUCING THE CITY'S ANNUAL BUDGET
DEBT TO ZERO. PLANNING FOR THAT THIRD YEAR IS NOW WELL

VOICE:
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UNDERWAY, WITH CITY OFFICIALS SCHEDULED TO OUTLINE THE DETAILS OF THE REDUCTIONS TOWARD THE END OF THIS YEAR.

BUT ALREADY NEW YORK HAS ABSORBED A NUMBER OF AUSTERITY MEASURES AS A RESULT OF ITS TIGHT MONEY MANAGEMENT, DROPPING MORE THAN FORTY THOUSAND WORKERS FROM ITS CITY PAYROLL, INCLUDING THOUSANDS OF SCHOOL TEACHERS. LIBRARIES AND HOSPITALS HAVE CLOSED. STUDENTS IN THE CITY'S TRADITIONALLY TUITION-FREE PUBLIC UNIVERSITY NOW PAY REGULAR FEES. FARES HAVE BEEN RAISED FOR SUBWAY AND BUS RIDERS ... AND TRANSIT SERVICE REDUCED. AND THE CITY HAS BECOME STRICTER WHEN IT COMES TIME TO COLLECT TAXES.

THE CONDITION OF AMERICA'S BIGGEST CITY HAS BECOME AN ISSUE IN THIS YEAR'S PRESIDENTIAL POLITICS. NEW YORK MAYOR ABE BEAME, A DEMOCRAT, WAS AN EARLY SUPPORTER OF DEMOCRAT JIMMY CARTER. THE MAYOR HOPES THAT A DEMOCRAT-CONTROLLED WHITE HOUSE WOULD BE FRIENDLIER TO A FINANCIALLY STRAPPED NEW YORK CITY AND WOULD PROVIDE ADDED FEDERAL MONEY TO HELP PULL THE CITY OUT OF ITS FINANCIAL HOLE. THE DEMOCRATS HAVE PUBLISHED POSTERS AND BROCHURES BOASTING THAT CANDIDATE CARTER WOULD "NEVER TELL NEW YORK TO DROP DEAD" -- A REFERENCE TO A NEWSPAPER HEADLINE HERE A YEAR AGO SUPPOSEDLY PARAPHRASING PRESIDENT FORD'S ATTITUDE TOWARD AIDING THE CITY. REPUBLICANS, IN TURN, HOPE TO BENEFIT BY THE CLAIM THAT IT WAS THE PRESIDENT'S STERN ATTITUDE TOWARD THE CITY THAT FORCED IT BACK ON THE PATH OF FISCAL RESPONSIBILITY.

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NOW, A YEAR AFTER NEW YORK'S CLOSEST SCRAPE WITH BANKRUPTCY, A STATE AUDIT SAYS THE CITY HAS TAKEN POSITIVE STEPS TO END THE ACCOUNTING NIGHTMARE THAT HELPED CONTRIBUTE TO ITS FINANCIAL CRISIS. ONE MAN WHO HELPED RE-ORGANIZE THE CITY'S FINANCES, HERBERT ELISH, SAYS THAT "WHAT WE HAVE DONE IS BUY SURVIVAL, WE HAVE TIME NOW," HE COMMENTS, "TO LOOK AT THE CITY AND TRY TO GET IT ON AN EVEN KEEL AND HAVE IT A PLACE IN WHICH WE ALL WANT TO LIVE -- WHICH AFTER ALL, IS WHAT THIS IS ALL ABOUT."

HARRISON GOLDIN, THE MAN IN CHARGE OF NEW YORK CITY'S FINANCES, CONTENDS THAT THE FISCAL CRISIS IS FAR FROM OVER. BUT HE SAYS HE HAS MORE CONFIDENCE NOW ABOUT NEW YORK'S FUTURE BECAUSE OF WHAT HE CALLS SOME VERY ENCOURAGING MILESTONES ON THE ROAD TO FISCAL RECOVERY -- INCLUDING FEDERAL, STATE AND CITY ACTION. "IF WE ARE REALISTIC AND HONEST WITH NEW YORKERS," MISTER GOLDIN SAYS, "THE CITY CAN REMAIN ON AN EVEN KEEL AND PERHAPS EVEN EMERGE STRONGER THAN IT WAS BEFORE."

ANNCR: NEW YORK CITY -- BACK FROM THE BRINK, A REPORT ON THAT CITY'S EFFORTS TO OVERCOME ITS FINANCIAL CRISIS. YOU'VE BEEN LISTENING TO DATELINE, NEW YORK, PICTURES IN SOUND, WORDS AND MUSIC OF PEOPLE, PLACES AND EVENTS IN AMERICA'S METROPOLIS. JOIN US AGAIN NEXT ----- FOR ANOTHER PROGRAM IN THIS SERIES.

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